

**TOP SECRET**

MEMORANDUM FOR THE RECORD

5 August 1946

At the request of General Chamberlain, WD G-2, I met with him in his office at 1000 this date. The General was desirous of adding to his background reference atomic intelligence--in preparation for a conference with the Secretary of War on 6 August 1946.

I explained that the discussion regarding circulation of foreign atomic intelligence between the Manhattan project and G-2 had been continuous over a period of several months with no definite decisions having been made one way or another. That sometime during the early part of May 1946 a conference on the subject was scheduled for discussion by General Hull, General Vandenberg and General Groves. That General Vandenberg was absent from the country at the time and his place on the conference was taken by Colonel Clarke, Deputy G-2.

General Chamberlain then brought up the question as to what should be done with the foreign atomic intelligence research group now in the Manhattan project. He stated that, in his opinion, some of the personnel should be transferred to WD G-2 and probably some to ONI. I disagreed with this premise from two standpoints:

1. The group was small and breaking them up would destroy continuity, duplicate effort, and compromise security.
2. Foreign atomic intelligence was not only of interest to the Army and Navy but was definitely of interest to State and later would be of interest to the Atomic Energy Commission. That it was therefore a matter of common interest to all departments mentioned and logically the research group should be centralized under CIG.

Upon my return from General Chamberlain's office, I called the office of General Groves. The General was absent from the city but I explained my meeting with General Chamberlain to Colonel Templar, General Groves Executive. He said he would contact General Groves and pass the information to him.

At 1130 I was called by Mr. Schott of the Secretary of War's Office and was directed to be present in the Secretary's office at 0930 on 6 August at the conference between the Secretary, General Groves and General Chamberlain.

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6 August 1946.

Accompanied General Groves to the Secretary's office at 0930 this date. Mr. Patterson opened the conversation on the subject of foreign atomic intelligence research. After considerable discussion

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between all present, the Secretary directed that an NIA paper be prepared which provided for the collection and research of foreign atomic intelligence under the supervision of CIG. It was assumed that no actual transfer of personnel would be accomplished until after the selection of the members of the Atomic Energy Commission.

I agreed to have a draft of such a paper for General Chamberlin's concurrence by 7 August 1946.

On my return to the office, I contacted [ ] and arranged to see him at 1400 to inform him of the action being taken. On explaining the situation to [ ], he concurred with our ideas but strongly recommended, for matter of policy, that the directive be processed through IAB.

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At 1515, accompanied by Colonel [ ] I visited Colonel Eddy, State Department. During our conversation the above matter was brought out. Colonel Eddy is strongly in favor of the plan proposed and, like [ ] requested the paper be processed through IAB.

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Colonel, GSC  
Executive to the Director.

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On Friday, 2 August, we were informed by the General Accounting Office that an unnamed member of Congress had indicated a desire for the General Accounting Office to audit the confidential funds of SSU. In order to counter any such move, the following actions were taken.

a. A meeting was called of the following individuals: Colonel Galloway, Colonel [ ] Mr. Saunders and Mr. Houston, at which time the matter was discussed and it was decided to take no action until it was determined what General Richards of the War Department could do in the matter.

b. General Richards was contacted by 'phone and alerted as to the steps which might be taken by the General Accounting Office.

c. I called Colonel McCarthy of the Secretary's Office and recommended that he alert Mr. Patterson as to the action which might be taken.

A later investigation by our own legal personnel and General Richard's office determined that the SSU funds were actually in three categories:

1. Vouchered funds,
2. Unvouchered funds but funds which by their nature were still subject to audit by the General Accounting Office, and
3. Completely confidential funds into which the General Accounting Office legally could not enter an audit.

In view of the three different classifications of funds, it was determined to give General Richards a complete inventory and discussion of all expenditures in the first two categories. He believes that with this information under his control, he can prevent any further action through the General Accounting Office pointing to an audit of the strictly confidential funds of SSU.

[ ]  
Colonel, GSC  
Executive to the Director.

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10 Aug 46.  
Handled OK  
matter dropped.  
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